
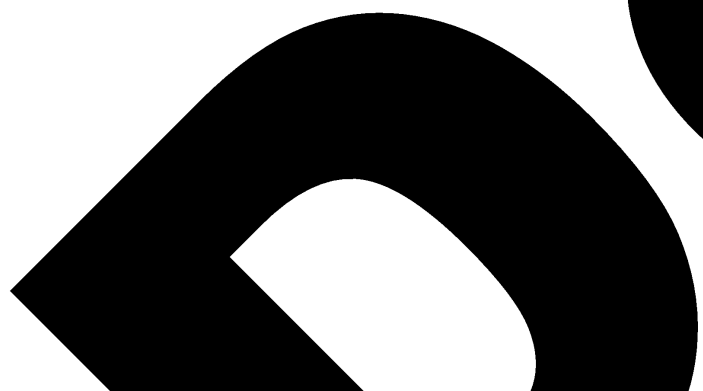


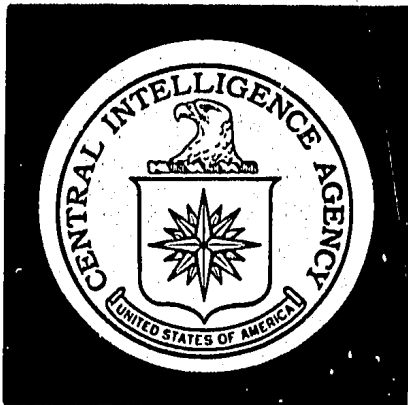
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**DIRECTORATE OF  
INTELLIGENCE**

# Intelligence Memorandum

*North Vietnam: Prospects for Trade with the Free World*

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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
October 1969

INTELLIGENCE MEMORANDUM

North Vietnam: Prospects for Trade with  
the Free World

Introduction

Trade with the Free World has traditionally made up only a small portion of North Vietnam's total trade but it is important to Hanoi as a source of hard currency. During the bombing years 1965-68 the volume of trade with the Free World generally declined, while trade with Communist countries, primarily in the form of imports on long-term credits, increased substantially. The halt of the US bombing in late 1968 was followed by a slight recovery of North Vietnam's trade with the Free World, particularly with Japan.

This memorandum describes briefly the trade between North Vietnam and Free World countries during 1965-68 and explores the probable direction and magnitude of such trade in 1969 and the next few years. Foreign exchange earnings and shipping costs are also examined as factors that affect the prospects for Free World trade.

North Vietnam has published no trade statistics since 1963. Data on North Vietnam's trade with countries of the Free World are available from the statistics of trading partners. Trading partner data give the value of North Vietnamese exports

*Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research and was coordinated with the Office of Current Intelligence and the Director's Special Assistant for Vietnamese Affairs.*

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including freight and insurance charges and of imports excluding these charges, thus overstating the favorable balance of trade that North Vietnam maintains with the Free World. The payments by North Vietnam for shipping and insurance and the value of grants from Free World sources are not known and there is little information on which to base estimates. Estimates of North Vietnamese earnings of hard currencies and of holdings of foreign exchange are thus only rough approximations.

### NORTH VIETNAM Trade with the Free World

Million US \$

28

24

20

16

12

8

4

0

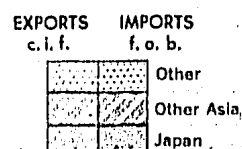
1964

1965

1966

1967

1968



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**SECRET**Free World Trade, 1965-68

1. North Vietnam's trade with the Free World declined during 1965-68 largely because of US bomb damage to facilities that processed coal and manufactured pig iron and cement -- the principal exports. In addition, Free World shipping to North Vietnam was discouraged by the hazards created by the bombing and by US diplomatic pressures.\* The value of exports to the Free World as a portion of total exports dropped from 23% in 1965 to 18% in 1968; imports declined even further, from 6% of all imports in 1965 to slightly more than 1% in 1968. Exports continued to decline in 1968, even though bombing had been first restricted and later halted, but imports rose slightly.

2. The most important Free World trading partner during 1965-68 was Japan, accounting for more than one-half of exports and supplying one-third of imports (see the chart). Exports to Japan dropped significantly in 1967 when US bombing halted North Vietnam's pig iron production and damaged coal loading facilities. Imports from Japan also fell in 1967 but picked up slightly in 1968. Other Asian countries -- Cambodia, Hong Kong, Malaysia, and Singapore -- were the next most important market. Trade with Western Europe declined as shipping costs increased with the closing of the Suez Canal and as Asian sources increasingly satisfied North Vietnam's Free World trade needs. Trade with France, the dominant West European trading partner, declined slightly in 1966 and precipitously in 1967 to not much more than \$1 million, compared with more than \$5 million two years earlier.

3. Coal has consistently been North Vietnam's principal export to the Free World. Most of it goes to Japan. (Nearly 80% of exports to Japan during 1965-68 consisted of coal.) Small amounts of coal also were exported to Western Europe until 1968 and to other Asian countries. Other exports included cement and pig iron until mid-1967; processed foods such as tea, oil seeds and nuts, and coffee; some rice, even though the country is a net grain importer; and handicraft products.

\* For a more detailed discussion and data on North Vietnam's trade with the Free World during 1965-68, see the Appendix.

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4. The principal imports were inputs for North Vietnamese industry and agriculture. From Japan, North Vietnam imported textiles, iron and steel products, and chemicals, including fertilizer. Other Asian countries provided crude rubber, vegetable oils, timber, and corn. The composition of imports from Western Europe was similar to that from Japan.

Free World Trade, 1969

5. North Vietnamese trade with the Free World in the first half of 1969 was slightly higher than in the same period of 1968, according to incomplete data from trading partners. Exports declined but imports increased, continuing the trend of 1968. Table 1 shows trade with leading Free World partners during the first half of 1969.

Table 1  
Trade With the Free World

	Thousand US \$			
	<u>Jan-Jun 1969 <sup>a/</sup></u>		<u>Jan-Jun 1968</u>	
	<u>Exports</u>	<u>Imports</u>	<u>Exports</u>	<u>Imports</u>
Asia				
Japan	2,577	2,217	2,991	921
Hong Kong	587	100	418	33
Singapore	900	650	990	869
Europe				
France	208	385	106	1,000
West Germany	80	6	113	223
Italy	35	165	45	26
United Kingdom	91	130	62	75
<i>Total</i>	<i>4,478</i>	<i>3,653</i>	<i>4,725</i>	<i>3,147</i>

*a. Data for Singapore are estimated from trade reported for January-May. Data for Italy are estimated from trade reported for January-April. Data for Hong Kong include reexports.*

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6. The fall in exports was due largely to a further reduction of 20% in coal exports to Japan. Production problems in the coal industry probably will keep 1969 coal exports at a level below that of 1968. Cement and apatite were exported for the first time in several years and rice was shipped to Singapore, but the amounts involved were relatively small.

7. The increase in imports in the first half of 1969 reflects mainly the purchase of 19,000 metric tons of chemical fertilizer from Japan, the largest fertilizer purchase from that country in several years. Another 36,000 tons of fertilizer were delivered during July-September, and 30,000 tons are scheduled for the fourth quarter. Therefore, total imports from the Free World in 1969 probably will be well above the 1968 level.

8. Although North Vietnam's trade with Japan almost certainly will be up during 1969, with Western Europe it probably will remain close to the low level of 1968, as appears to have been the case in the first half of the year. There were some inquiries by European firms for coal, spices, and other North Vietnamese products, but the lethargic responses by North Vietnam suggest that no substantial increases in trade will take place during the remainder of 1969.

Importance of Free World Trade

9. Although North Vietnam's Free World trade has been small, it has been an important source of hard currency needed to support diplomatic representations in Free World countries,\* to maintain the delegation at the Paris peace talks, and to support military and political activities in the neighboring countries in Indochina. North Vietnam undoubtedly enjoys some political dividends through the maintenance of Free World commercial contacts. Access to Free World

\* North Vietnam maintains diplomatic representations at the ambassadorial or consulate general level in the following Free World countries: Algeria, Burma, Cambodia, Ceylon, Congo (Brazzaville), France, Ghana, Guinea, India, Indonesia, Iraq, Laos, Mali, Mauritania, Sweden, Sudan, Syria, Tanzania, the United Arab Republic, and Yemen.



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markets also affords North Vietnam the advantage of obtaining some goods on much shorter lead time than would be possible on aid accounts from the more rigid Communist markets. With only one or two exceptions, however, the products North Vietnam imports from the Free World constitute only a small part of total imports and of total requirements for these products. The exceptions are natural rubber, all of which comes from the Free World, and fertilizer, about half of which will probably come from Japan in 1969.

#### Hard Currency Earnings

10. North Vietnam's trade surplus with Free World countries has declined greatly in recent years as shown in the tabulation.

					Million US \$
<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>Projection a/</u>
8	8	5	3		1.8

*a. Estimate based on January-June data.*

On a regional basis, the greater part of North Vietnam's surplus has come from trade with Japan and Hong Kong. Trade accounts with Singapore, Malaysia, and Cambodia were approximately in balance during 1965-68. The Cambodian trade resulted in a slight surplus and the trade with Singapore and Malaysia a slight deficit. Throughout 1965-68, trade with Europe has resulted in consistent and growing deficits that approached \$2 million in 1968.

11. These data exclude shipping charges, however, so that net hard currency earnings were smaller. North Vietnam's small merchant fleet, with a total capacity of about 8,000 gross register tons (GRT), carries less than 1% of the country's total seaborne foreign trade.

12. Since 1966 the transportation of most of North Vietnam's Free World exports was shifted from Free World ships to Communist ships. Thus in 1968, 68% of all exports to the Free World were carried on Communist ships, compared with 27% in 1965. Payments for Communist shipping services probably were mainly

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or exclusively on aid account.\* Estimated charges for the use of Communist ships in North Vietnam's Free World trade during 1965-68 are shown in the accompanying tabulation.

	Million US \$			
<u>Communist Shipping Costs</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Exports	1.38	2.84	2.05	1.87
Imports	0.86	0.66	0.51	0.24
<i>Total</i>	<i>2.24</i>	<i>3.50</i>	<i>2.56</i>	<i>2.11</i>

It is also highly improbable that North Vietnam would be charged hard currencies for the Free World shipping that is chartered by other Communist countries to carry Communist goods to North Vietnam. Charges incurred for such Free World shipping in the Communist trade with North Vietnam are estimated to have amounted to \$1.5 million in 1965 and to more than \$5.0 million in 1968.

13. On the assumption that none of the services of Communist or Communist-chartered ships were paid for in hard currency, North Vietnam's hard currency payments on shipping account were solely those to Free World shipowners. These estimated payments, which declined greatly both in absolute terms and as a share of Free World trade, are shown in Table 2.

14. In addition to earnings of hard currency through trade with the Free World, North Vietnam received during 1966-68 more than \$6.0 million in grants from nongovernmental groups in the Free World. Slightly less than \$3.0 million were currency grants, and the

\* In 1966 the USSR requested North Vietnam to pay in hard currencies 35% of the cost of the Soviet shipping services used in the Free World trade, but there is no indication that such payment was ever made or that similar requests were made in later years.

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Table 2

## Estimated Annual Net Earnings of Hard Currencies

	Million US \$			
	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Exports, c.i.f. <u>a/</u>	23.39	20.69	11.83	10.31
Less shipping costs <u>b/</u>	3.74	1.33	0.39	0.36
Earnings from exports	<u>19.65</u>	<u>19.36</u>	<u>11.44</u>	<u>9.95</u>
Imports, f.o.b. <u>c/</u>	15.00	12.79	6.42	7.29
Plus shipping costs <u>d/</u>	0.48	0.20	0.17	0.13
Total cost of imports	<u>15.48</u>	<u>12.99</u>	<u>6.59</u>	<u>7.42</u>
Net earnings	4.17	6.37	4.85	2.53

*a. Values are reported by importing country. During the bombing years, North Vietnam apparently received the full c.i.f. values from Free World importers and arranged for all shipping on exports. In mid-1969, North Vietnam asked f.o.b. prices on Japanese offers to purchase coal, suggesting that the importer would arrange and pay for shipping in the normal manner.*

*b. Shipping costs are those owed to Free World shipowners carrying exports to Free World countries. The charges for Communist shipping are presumed not to be paid for in hard currencies but to be covered by long-term credits from Communist countries.*

*c. Values of imports are those f.o.b. values reported by the exporting Free World country.*

*d. Shipping costs are those owed to Free World shipowners carrying imports from the Free World.*

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remainder, medical supplies and small quantities of food. However, if as seems likely, some of the goods provided as grants were included in the data on imports for North Vietnam, North Vietnam's net hard currency earnings during the period may have been as much as \$3.0 million larger than shown in Table 2.

15. Because shipping costs represent a significant expenditure of North Vietnamese hard currency, there has been considerable activity in recent months toward building up North Vietnam's merchant fleet. The *Christo Botev* (2,747 GRT) was delivered to North Vietnam in late May 1969, apparently a gift from Bulgaria. Also, North Vietnam is negotiating to purchase the *Amfithea* (Cyprus, 5,171 GRT) through a British firm for \$312,000. Purchase negotiations are in progress with the United Kingdom for two 10,000-GRT ships at a price of \$1.2 million, with Japan for the *Daku Maru* (6,000 GRT) and the *Chow Maru* (3,874 GRT), with the Hong Kong based Ankan Shipping Company for the *Lucky Dragon* (Singapore, 4,225 GRT), and with Bulgaria for another freighter. While some of the negotiations could best be described as "shopping around," it is apparent that North Vietnam is intent on expanding its merchant fleet.

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Trade Prospects

18. To expand Free World trade, North Vietnam must expand its exports and/or obtain long-term Free World credits, but the prospects are poor for either as long as the war continues. Although North Vietnam has considerable potential for expanding exports to the Free World, it will take considerable time -- possibly as much as two years -- to regain even the prebombing export capacity. Industrial facilities were damaged and allowed to deteriorate during the US bombing, and agricultural output dropped, so that considerable imports of foodstuffs were required to maintain minimum consumption. The pace of restoring output of the principal export products -- coal, cement, and pig iron -- has been slow since the partial bombing halt of March 1968. Continued large-scale Communist aid will reduce the need for a rapid buildup of exports.

19. Japan, which is a potential market for almost any mineral that North Vietnam can export, will almost certainly be the dominant Free World trading partner. Japan has already expressed an interest in buying increased amounts of coal, apatite, and chromite ores. Although trade with Western Europe will improve eventually, it is unlikely to regain its prebombing importance for North Vietnam, even if the Suez Canal is reopened.

20. Coal will probably continue to be North Vietnam's most important export to the Free World, mainly to Japan and other Far Eastern countries. North Vietnam has large reserves of anthracite coal estimated by a Soviet survey to be between 2½ and 5 billion metric tons. Production apparently has been depressed, but with new equipment from the Communist countries, productivity could be increased fairly rapidly. North Vietnam has already received Soviet, Polish, and Chinese aid for the coal industry, including aid to Vietnamese students to study coal mining techniques in these countries.

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21. Pig iron exports earned nearly \$2 million annually in trade with Japan during 1965-66, but were stopped by bombing in mid-1967. Photography indicates that restoration of one of the three damaged blast furnaces at the Thai Nguyen iron and steel complex -- the principal source of North Vietnamese pig iron -- may have been started. This furnace, which has an annual capacity of 100,000 tons, was only slightly damaged, and probably could be producing pig iron in 1970. Japanese importers have already indicated an interest in resuming imports of North Vietnamese pig iron when it becomes available. In time, however, as complementary facilities (for ingot and rolled steel production) are built, pig iron will be needed domestically, limiting the amounts available for export.

22. Apatite exports, which before the bombing amounted to more than 300,000 tons (worth about \$3 million) out of a production of 925,000 tons, should recover rapidly now that interdicted transport routes have been repaired. The bulk of these exports, however, will probably go to Communist countries since most went to these countries before the bombing. Earnings from Free World sales will probably be small. Japan is currently negotiating for the purchase of as much as 5,000 tons per month, which comes to about \$600,000 a year.

23. Other minerals offer some possibilities for increased exports to the Free World. Cement exports have not been restored to levels that prevailed before the damage incurred during the bombing. However, even when production is restored to pre-war capacity, growing domestic needs and a low world market price probably will preclude any important increase in export earnings from cement. Possible exports of chrome ore have been discussed with the Japanese, but reserves and processing facilities within North Vietnam are small. Tin is mined and refined in relatively small amounts (the highest annual pre-war production being about 600 tons), most of which is exported to Communist countries. Small reserves of bauxite -- about 2.5 million tons -- probably would not justify the investment needed to process it as an export.

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24. There are possibilities for the eventual expansion of agricultural exports to the Free World. Chronic ills that beset Communist agriculture have been aggravated by the war in North Vietnam, however, and it is doubtful whether North Vietnam will be able to increase output of agricultural products enough to generate substantial export earnings. Production of commercial crops such as tea, coffee, tobacco, groundnuts, jute, and silk is dispersed, poorly organized, and inefficient. For some time, priority probably will be given to staple crops, especially rice, to reduce dependence on imports. Similar problems hinder timber production, which might otherwise find a ready market in Japan. Industrial equipment for processing foods and for fabricating plywood and similar lumber products has been imported or is solicited from Communist countries. Any large increase in output from these aid projects, however, probably would be committed first to Communist markets.

25. It is unlikely that exports of North Vietnamese manufactures to the Free World could be expanded in any significant way. Domestic requirements for such products are still far from satisfied by present levels of output. Although textiles, footwear, and clothing are now being exported to Communist countries, the low quality of North Vietnamese goods makes them poor products for the Free World market. Some negotiations with Japanese and European firms have indicated a possibility for building small assembly plants in the textile industry, but production from these projects, if they are built, would be small and the increment to exports would be marginal.

26. As an alternative to increasing the output of exportable goods, North Vietnam could divert to Free World markets items such as coal, apatite, and ores normally exported to Communist countries. This is occurring in the case of exports of coal to Japan, which have been largely maintained this year, even though production had fallen sharply, at the expense of exports to China. Seaborne exports of coal to China fell 41 percent in January-August 1969 compared with the same period in 1968, while the shipments to Japan declined only 15%. Nevertheless it is doubtful whether the Communist countries, to which North

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Vietnam is heavily indebted, would long permit a reduction in North Vietnamese deliveries.

### Aid Prospects

27. There is a fairly good chance that North Vietnam will obtain financial assistance from some Free World countries even though the war persists. There are at present two Free World plans offering long-term assistance for postwar reconstruction and development of the North Vietnamese economy -- the Miki Plan and the Nordic Plan. In addition, the French President, Georges Pompidou, recently offered limited reconstruction assistance to North Vietnam once the war is over.

28. As originally conceived, the Miki Plan, named for the former Foreign Minister of Japan, was to provide for immediate postwar humanitarian relief to both Vietnams, for housing, hospitals, schools, and the like. This plan was to have involved expenditures of about \$200 million during a two-year period. Although the Japanese have allocated \$30,000 for a feasibility study, it now appears that prospects for implementing the Miki proposal have been dimmed by the political demise of its originator. It is highly likely, however, that some form of financial assistance for reconstruction will be offered by the Japanese government to the two Vietnams once peace comes.

29. The Nordic Plan was instigated by Sweden and is supported by the four Nordic countries Sweden, Finland, Norway, and Denmark. The Nordic governments have already allocated \$95,000 to the International Red Cross in Geneva for a "preliminary in-country survey" of North Vietnam's immediate needs, and a medium-level North Vietnamese delegation of trade and industrial experts toured Sweden in September and subsequently visited Denmark, Finland, and Norway. The delegation investigated industrial facilities in these countries that could be used to aid North Vietnam in reconstruction and development. The delegation expressed particular interest in papermaking, shipbuilding, and hydroelectric facilities.

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30. The total value of assistance to North Vietnam under the Nordic Plan has apparently not yet been determined. Officials have indicated that the Swedish government would extend to North Vietnam reconstruction assistance valued at nearly \$40 million during three years commencing 1 July 1970 (fiscal year 1971). Two-thirds of the aid is to be credit and one-third grant. The aid proposal, however, has generated considerable opposition both at home and abroad, and there is some doubt whether the aid will be extended at the time originally announced. Sweden has been the moving force behind the effort in the Free World to assist North Vietnam in postwar reconstruction, and the Swedish contribution is expected to make up the larger share of the aid provided under the Nordic Plan. So far the Swedish government is the only Nordic government actually to extend aid to North Vietnam, with a \$4 million grant in fiscal year 1970 to be used for the purchase of medical equipment and fertilizer.

Conclusions

31. Trade with the Free World is of small economic importance for North Vietnam and is insignificant for its Free World trading partners. North Vietnam fills the bulk of its import requirements from Communist countries on credit or as grants. Imports from Free World countries are only supplementary and generally small. A favorable balance of trade with the Free World, however, has supplied North Vietnam with hard currency to meet its fairly limited needs, such as for maintaining diplomatic representation in Free World countries. In addition, Free World trade provides contacts useful in generating international support for the current war.

32. Trade with the Free World declined during 1965-68 because of bombing-induced production difficulties and US diplomatic pressures. The total bombing halt in late 1968, however, marked the beginning of a slow recovery of trade with the Free World, primarily due to a substantial increase in imports from Japan -- North Vietnam's main trading partner in the Free World.

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33. The slow recovery of the economy from the bombing, the continued diversion of resources to support Communist military activities in Indochina, and the growing domestic needs preclude a substantial increase in exports at least in the next year or two. In the longer run, there will be a number of items that North Vietnam could market in substantial amounts in the Free World, especially in Japan. These include coal, cement, apatite, agricultural products, and pig iron. The availability of these products will depend both on the effort made to develop exports and on the amounts reserved for Communist markets. North Vietnam probably will be anxious to expand trade with the Free World. How much it will be able to do so will be strongly influenced by Soviet and Chinese trade and aid policy.

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## APPENDIX

Free World Trade, 1965-68Exports

North Vietnam's exports to the Free World have fallen substantially since 1965, largely because of the US bomb damage to coal, pig iron, and cement facilities. Also contributing to the decline in Free World trade was the fear on the part of trading partners of sending ships into North Vietnamese waters during the bombing, the closing of the Suez Canal, and US diplomatic pressures. Exports to the Free World as a portion of total exports declined from 23% to 18% from 1965 to 1968. Table 3 shows the value of North Vietnamese exports to major Free World markets during 1965-68.

Japan has been the major Free World market for North Vietnam exports. During 1965-68 North Vietnam sold goods to Japan with a total value of \$34 million, more than half of all exports to the Free World. Coal exports to Japan continue to be North Vietnam's major source of hard currency. More than 1.3 million metric tons of high-quality anthracite coal from the Hon Gai-Cam Pha area were sent to Japan during 1965-68, bringing in an estimated \$27 million in hard currencies. North Vietnam also exported some pig iron to Japan, although damage from the bombing reduced the volume in 1967, and none was exported in 1968. Less important North Vietnamese exports to Japan included (1) small amounts of agricultural products such as jute, raw silk, and groundnuts and (2) handicrafts, primarily basketwork, rattan, and straw products.

Following Japan, other Asian countries -- Cambodia, Hong Kong, Malaysia and Singapore -- have been North Vietnam's largest Free World export market in recent years. North Vietnam exported goods valued at about \$20 million to these countries during 1965-68. Hong Kong imported food products such as tea; small amounts of rice, oil seeds, and nuts; small amounts of coal; and light manufactures similar to those sent to Japan. Hong Kong also imported cement until North Vietnam's cement exports were cut off in mid-1967.

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Table 3

Exports to the Free World, by Country <sup>a/</sup>

	Thousand US \$			
	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Asia	<u>17,958</u>	<u>17,099</u>	<u>10,551</u>	<u>9,368</u>
Japan	11,457	9,651	6,685	6,108
Singapore-Malaysia	1,859	1,793	1,676	1,600
Hong Kong	2,660	3,032	1,097	1,160
Cambodia	1,979	1,595	1,086	500
Other	3	1,028 <sup>b/</sup>	7	-
Europe	<u>5,381</u>	<u>3,545</u>	<u>1,180</u>	<u>941</u>
France	3,021	2,643	541	313
West Germany	215	147	122	172
Netherlands	573	112	99	128
United Kingdom	333	200	207	122
Italy	485	145	71	107
Switzerland	44	47	9	74
Austria	78	139	74	10
Sweden	24	32	27	9
Belgium-Luxembourg	604	19	27	2
Other	4	7	3	4
Other countries <sup>c/</sup>	<u>55</u>	<u>47</u>	<u>99</u>	<u>0</u>
 Total	 23,394	 20,691	 11,830	 10,309

a. C.i.f. values including shipping charges as reported by the trading partner.

b. Largely a shipment of rice and cement to Ceylon.

c. Primarily exports to the United Arab Republic.

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Coffee accounted for more than one-half of exports to Singapore and Malaysia, with oil seeds, nuts, and rice making up most of the remainder. Exports to Cambodia, primarily cement and sugar, dropped significantly in 1968.

North Vietnam's exports to Western Europe dropped from \$5.4 million in 1965 to \$0.9 million in 1968. The chief factor in the decline was the rapid fall in coal exports, which exceeded \$3.0 million in 1965 but declined steadily thereafter and were discontinued altogether in 1968. Other miscellaneous exports of processed foods and handicrafts have dropped off slightly in value from a total of about \$1.2 million in 1965 to \$0.9 million in 1968.

France has been North Vietnam's primary Free World trading partner in Europe, and will probably continue to be so if the statements by North Vietnamese trade officials concerning preferred treatment for France in trade agreements can be accepted. During 1965-68 France received more than one-half of all North Vietnamese exports to Western Europe. Other significant Free World customers in Europe included the Netherlands, the United Kingdom, West Germany, and Italy.

### Imports

North Vietnam's imports from the Free World declined during 1965-67 but increased slightly in 1968. Recent increases have resulted largely from the partial and subsequent total bombing halt. Principal imports from the Free World have been textiles, chemicals, machinery and equipment, steel products, and crude rubber. The value of imports from the Free World has declined as a portion of total imports from 6% in 1965 to slightly more than 1% in 1968. Table 4 shows North Vietnamese imports from Free World countries during 1965-68, valued at f.o.b. prices, as reported by the country of origin.

During 1965-68, North Vietnam's imports from Japan were valued at about \$14.0 million, a third of all imports from the Free World. Imports from Japan included a wide range of goods, with the principal items being textile products, primarily wool tops and

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Table 4

Imports from the Free World, by Country a/

	Thousand US \$			
	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Asia	<u>9,570</u>	<u>8,841</u>	<u>4,019</u>	<u>4,618</u>
Japan	3,853	5,649	1,817	2,444
Singapore-Malaysia	2,800	1,858	1,228	1,232
Cambodia	2,161	1,041	830	703
Hong Kong <u>b/</u>	431	251	144	239
Other	325 <u>c/</u>	42	-	-
Europe	<u>5,061</u>	<u>3,893</u>	<u>2,395</u>	<u>2,668</u>
France	2,124	2,290	627	1,374
West Germany	136	212	521	664
United Kingdom	202	104	185	254
Italy	633	399	550	143
Netherlands	93	302	473	46
Belgium-Luxembourg	1,685	515	-	18
Switzerland	101	31	9	16
Other	87	40	30	153 <u>d/</u>
Other countries <u>e/</u>	<u>373</u>	<u>56</u>	<u>6</u>	<u>4</u>
Total	15,004	12,790	6,420	7,290

*a. F.o.b. values reported by the trading partner.**b. Including reexports.**c. This total was made up largely by imports of tallow from Australia.**d. The total came from Scandinavian countries.**e. Largely trade with the United Arab Republic.*

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yarn; iron and steel products such as tinplate, wires, and rods; and chemical products such as organic compounds and pharmaceuticals.

Imports from the other Asian countries, about \$13 million in 1965-68, consisted largely of raw materials. Crude rubber, worth about \$1.0 million annually, and vegetable oils were imported from Singapore and Malaysia. From Cambodia, North Vietnam imported primarily timber and corn. Much of the small volume of goods imported from Hong Kong -- only about \$1 million during 1965-68 -- consisted of transit cargo, including dyeing, tanning, and coloring materials; metal products; and textiles from other Free World countries.

North Vietnam imported goods from Western Europe valued at about \$14 million during 1965-68. Such imports consisted largely of chemicals, basic manufactures, and machinery and equipment. Chemical imports made up slightly less than one-fifth of total imports from Western Europe and consisted of pharmaceuticals and miscellaneous industrial chemicals, largely from France, West Germany, the United Kingdom, and until 1967 the Netherlands. Basic manufactures accounted for about one-half of all imports from Western Europe and included iron and steel products -- chiefly steel wire -- from France and the United Kingdom and leather from France. Machinery and equipment imported from France, West Germany, Italy, and Switzerland included electrical equipment, transportation equipment -- largely nonmotorized vehicles and cycles -- and miscellaneous industrial equipment and parts, most of which was related to textile manufacturing. Small amounts of foods and beverages were also imported from Western Europe. The most significant trend in this market has been the growing importance of West Germany. While overall imports from Western Europe have declined, the value of goods imported from West Germany has increased almost fourfold since 1965.

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